

Town of Westford



Fiscal Year 2018 Budget Message

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Town Manager
November 15, 2016

FY2018 Budget Highlights

- Followed BoS FY18 Budget Direction Policy
- Recommending a balanced budget for FY18
- New growth estimated at \$850,000
- Projecting 1.2% increase in State Aid
- Current Cash Reserves are \$8,732,749 or 8.7% of operating budget
- 2.5% estimated increase NVTHS

FY2018 Budget Highlights

- “No frills” town budget – 1.57% increase (2.18% with enterprise funds) with no additional personnel – level services
 - (Additional requested FTEs not funded – 2 police officers, 1 conservation/building assistant, 1 highway HEO, additional hour requests permitting and Cameron senior center custodian)
- School department received a 2.38% increase

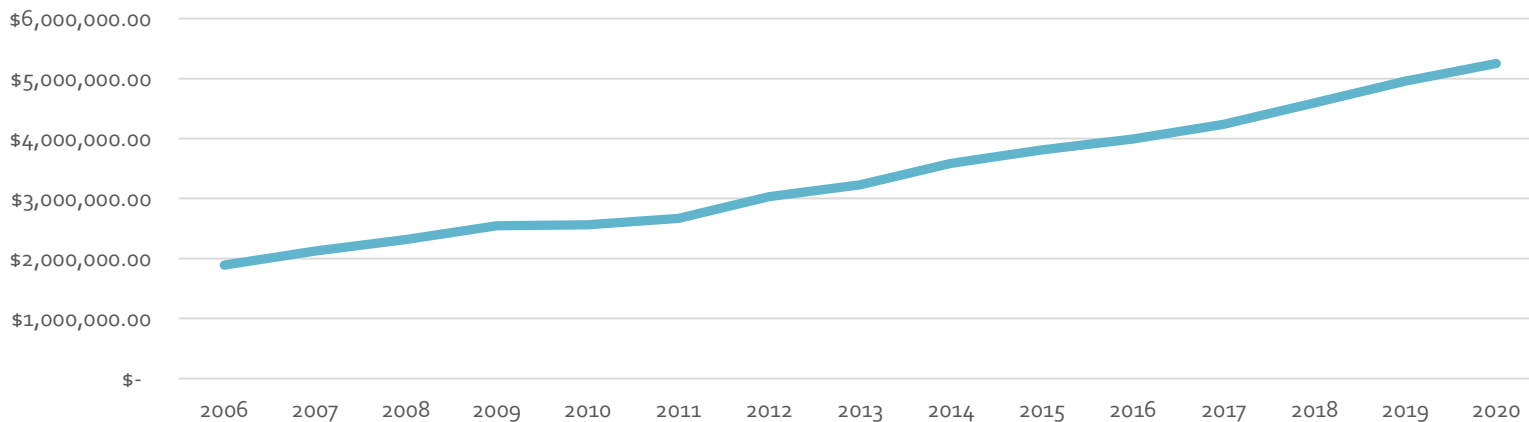
FY2018 Budget Highlights

- Unclassified (insurances/Medicare/retirement) increasing by 6.18%
 - Budgeting for 8% health insurance increase (+\$695,696)
 - Middlesex Retirement Assessment (+\$354,360)
 - Increase to OPEB funded through Free Cash (+\$257,947)
 - Unfavorable claims/loss ratio for property insurance and worker's compensation (+\$36,300)
 - Medicare appropriation increasing (+\$20,000)

FY2018 Budget Highlights

- Middlesex Retirement assessment will continue to increase to meet goal of fully funding:
 - FY18 \$4,593,239, +8.36%
 - FY19 \$4,958,901, +7.96%
 - FY20 \$5,251,264, +5.90%

Middlesex Retirement Assessment: FY06 to FY20



FY2018 Budget Highlights

- Recreation lease of Courier space: \$36,000 distributed between Parks, Rec, Cemetery budgets
- Savings to town utility budgets from FY17-18:
 - Electricity aggregate savings - \$81,581
 - Fuel savings \$38,780
 - Heating fuel \$19,500
 - Natural gas \$8,900

Use of Reserves

- Free Cash: \$4,095,096
- Stabilization Fund: \$4,637,653

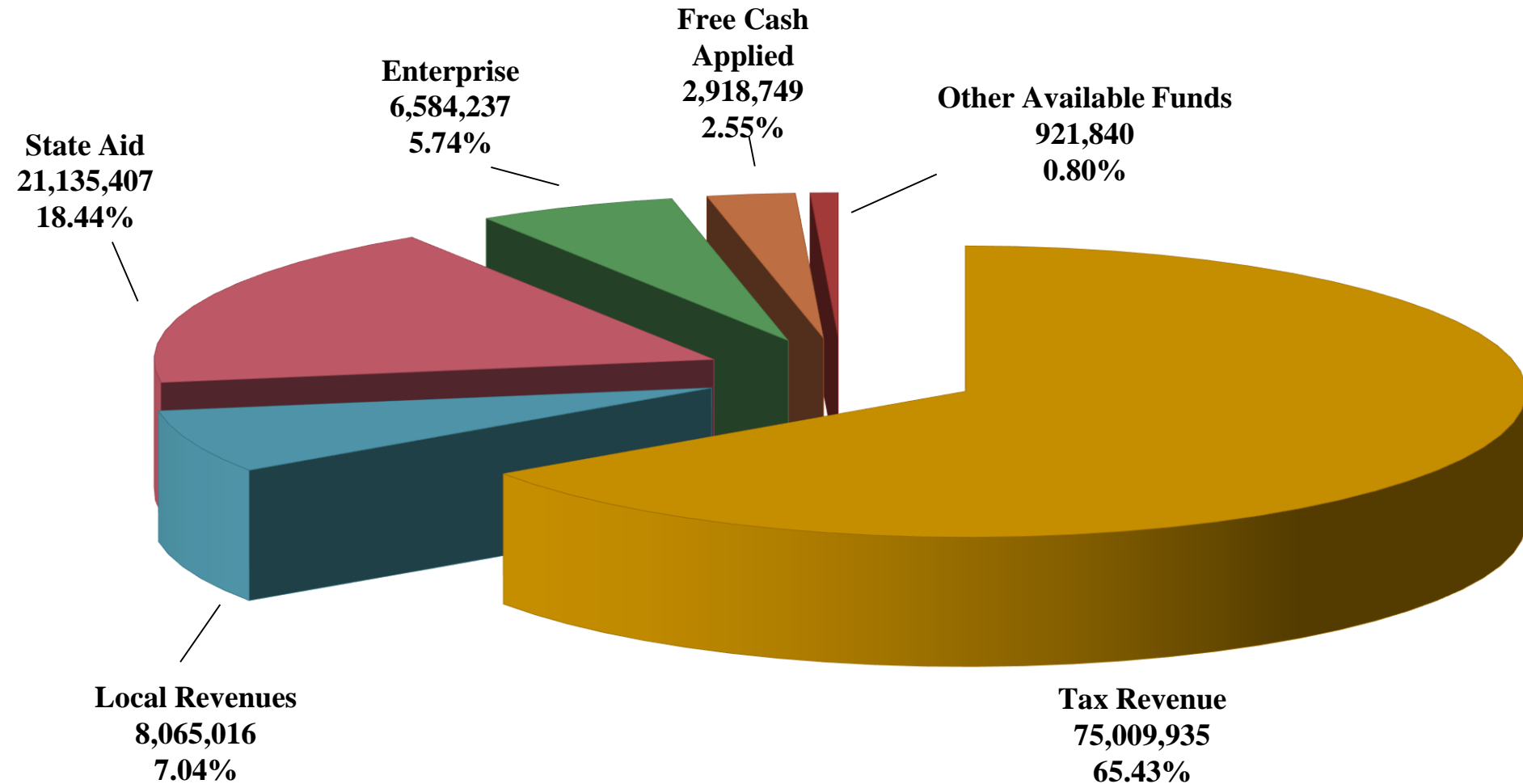
Description	Amount	Balance
Beginning Balance	\$8,732,749	\$8,732,749
Less: Reserve Minimum Balance (5%)	(\$5,179,856)	\$3,552,893
Less: Capital Appropriation	(\$1,610,802)	\$1,942,091
Less: Snow & Ice Deficit	(\$400,000)	\$1,542,091
Less: Perchlorate Appropriation	(\$150,000)	\$1,392,091
Less: Appropriation to OPEB Stab.	(\$257,947)	\$1,134,144

- Remaining Free Cash to be used for unforeseen expenses or rolled to next fiscal year's Free Cash balance.

FY18 Projected Revenues

Tax Revenue	\$75,009,935
Local Revenue	8,065,016
State Aid	21,135,407
Enterprise Revenue	6,584,237
Reserves Applied	0
Other Available Funds	921,840
Free Cash – Capital, perch., snow & ice	2,918,749
Total	\$114,635,184

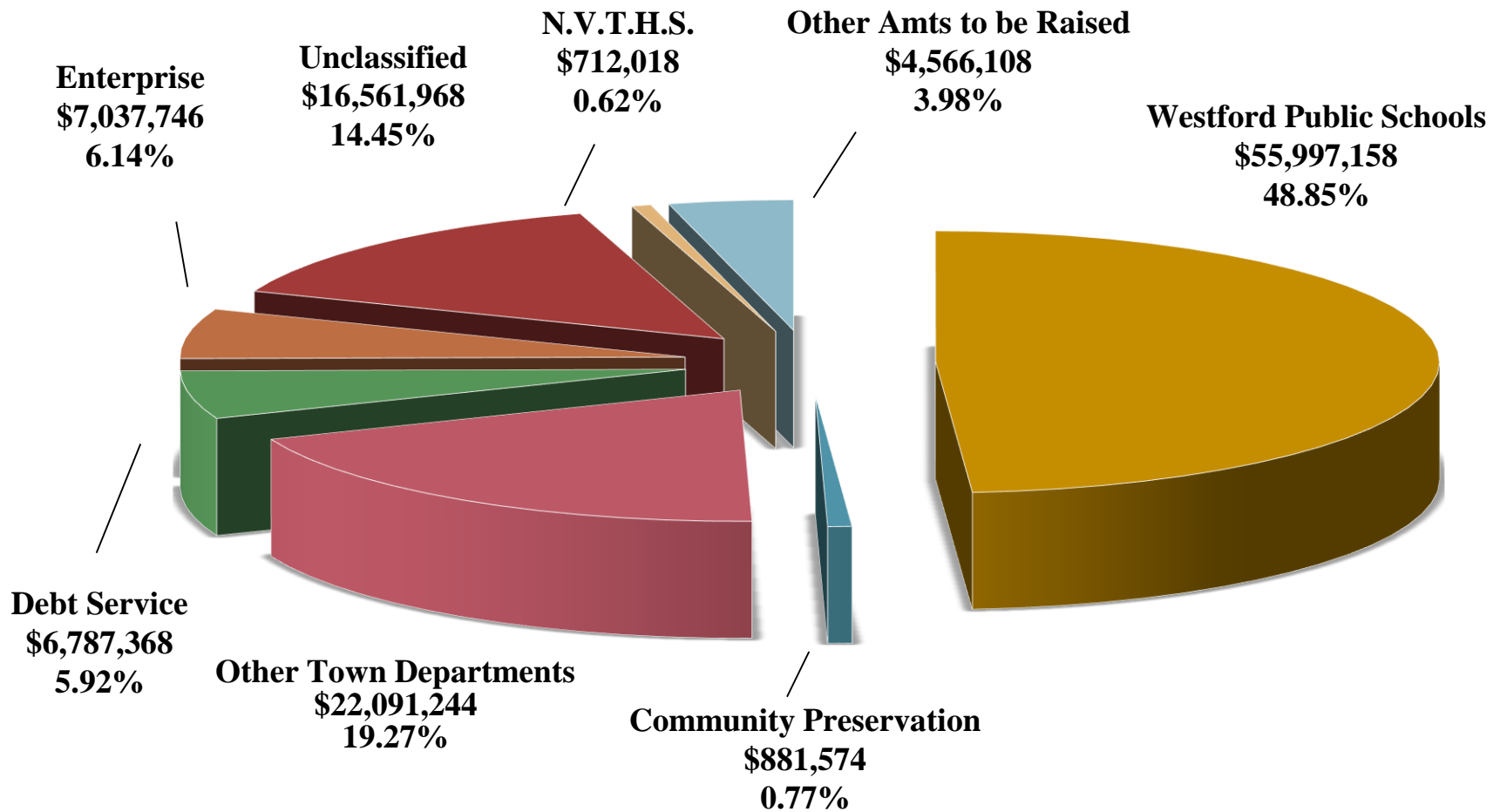
FY18 Projected Revenues



FY18 Projected Expenditures

Westford Public Schools	\$55,997,158
Community Preservation	881,574
Other Town Departments	22,091,244
Debt Service	6,787,368
Enterprise	7,037,746
Unclassified	16,561,968
N.V.T.H.S.	712,018
Other Amounts to be Raised	4,566,108
Total	\$114,635,184

FY18 Budget Expenditures



Budget Impacts from FYs 16 & 17

- Slowdown in New Growth in FY16 - \$901,454 (half of FY15 level) - est. \$707,422 in FY17
- At Oct 2016 STM we supplemented:

Appropriation	Amount
Police Personal Services	\$62,853
Recycling Expenses	46,000
Public Safety Communications Overtime	60,000
Fire Dept. Personal Services	47,000
Ambulance Enterprise Personal Services	8,000
Tree Warden	18,823
Water Enterprise Personal Service	23,500
Total	266,176

Budget Impacts from FYs 16 & 17

- Engineering appraisals of easements needed for Oak Hill/Groton Rd \$30,000
- Engineering design Complete Streets prioritization projects \$50,000
- Recreation move/lease \$46,235
- CPA for community garden well \$50,000

Health Insurance Overview

Enrollment as of Oct 1, 2013	1,016
Enrollment as of Oct 1, 2014	1,003
Enrollment as of Oct 1, 2015	1,032
Enrollment as of Oct 1, 2016	1,033

- Approximately 56% of eligible employees on town's plan
- Switch to Fallon, 11/1/16

		Employees % Inc.	Medicare % Inc.
FY14 Actual	\$8.14M	1.40%	-36.55%
FY15 Actual	\$8.18M	5.10%	4.11%
FY16 Actual	\$9.29M	7.83%	7.88%
FY17 Budget	\$9.69M	5.50%	10.00%
FY18 Budget	\$10.41M	8.00%	8.00%

Health Insurance Budget

- In FY17 we budgeted an 8% increase – received a 12% increase for non-Medicare plan, so switched to Fallon for a 5.5% increase
- Many new options and opportunities for financial incentives
- FY18 budget reflects \$713,696 increase from FY17 totaling \$10,411,187. We will continue to track and examine the health insurance projection
- \$520,839 in Health Insurance Stabilization Fund

Other Post Employment Benefits

- The current liability is \$56M as of July 1, 2014 -new actuarial study to occur in FY17
- OPEB policy – annually fund “normal costs” – accrued liability for employees hired after Jan 1, 2012
- Funding OPEB at \$852,278 within the operating budget and \$257,947 from Free Cash for a total of \$1,110,225
- OPEB Trust Fund current balance \$3,100,281 – after this appropriation = \$4,210,506

FY18 Capital Investment

Capital Planning Committee recommendation: **\$14,502,488**

Free Cash	\$1,610,802
General Fund Bonds	\$1,301,000
Enterprise Bonds	\$2,500,000
Enterprise Retained Earnings	\$199,986
Other available funds	\$1,890,700
Roudenbush – application to CPC	\$7,000,000

**Capital Stabilization current balance: \$1,143,396*

Public Facilities

- FY15 town-wide facility condition assessment identified \$21M in needed repairs
- Funded \$400,000 in FY16 to begin addressing needs – as of November 2016 \$233,500 remaining
- Schools and town continuing to analyze logistics/feasibility of consolidating facility maintenance and operations

Public Facilities

- 12 North Main Street – town took ownership Sept 2015 - \$378,250 appropriated from CPA for stabilization – RFP to sell property being drafted
- Combined dispatch bid docs being prepared – expected construction completion fall 2017
- Boston Rd fire station design/bid documents underway – estimates are within appropriation
- Roudenbush rehabilitation project being designed – application to CPC

Collective Bargaining Agreements

- Seven contracts are settled through FY18:
 - in negotiations with CWA, WPA and WSO for FYs 17-19
 - IAFF, Teachers, Coordinators, Nurses, and Reading & Math Interventionists settled through FY17
 - School Office Professionals, Central Office Support, Food Service Workers settled through FY18
 - OPEIU, WPWA, Teaching Assistants & School Custodians settled through FY19

Budget Variables

- State aid
- New Growth
- Infrastructure and facility-related capital requests
- Town Farm
- Center Fire Station repurposing
- 12 North Main Street
- Health Insurance
- NVTHS Assessment

Budget Variables

- Collective bargaining agreements
- Litigation
- Ongoing perchlorate remediation expenses
- Energy costs
- Storm response and cleanup expenses
- Snow and ice operations
- Stormwater regulations

Conclusion

Thank you to our board members, department heads, employees, and volunteers for your creativity, collaboration, countless contributions, and most of all, for your unwavering dedication and commitment to our community.